

Finance and Administration Cabinet STANDARD PROCEDURE		ISSUED BY: Department of Revenue; Executive Management
PROCEDURE # 6.1.4	SUBJECT: Conflicts of Interest and Professional Standards	
EFFECTIVE DATE: 10/28/11		
CONTACT: Commissioner's Office		LOCATION: State Office Bldg; Station #1 PHONE: 502-564-3226

## STATEMENT OF AUTHORITY

1. The Finance and Administration Cabinet's Standard Procedures Manual establishes standard mandatory internal procedures cabinet-wide. These procedures are established in accordance with the Secretary's statutory authority under KRS 42.014 and KRS 12.270 to establish the internal organization and functions of the Cabinet as necessary to perform the duties effectively.
2. The Standard Procedures Manual may only be revised in accordance with the process outlined in Standard Procedure #1.1 entitled: "Finance Standard Procedures and Manual".

## I. PURPOSE

In order to fairly and impartially administer the tax laws of the Commonwealth and maintain the highest degree of public confidence in the integrity of the Department of Revenue (DOR), all department employees shall be held to the highest professional standards. As such, all employees shall abide by the very tax laws with which they are charged to enforce. They shall also avoid even the appearance of a conflict of interest.

## II. POLICY

To ensure compliance with this policy, the DOR shall conduct periodic reviews of employees' tax returns. In addition, the DOR shall conduct other compliance programs as deemed necessary.

## III. RULES OF CONDUCT

To assist employees in their understanding of what constitutes acceptable behavior in discharging their duties, the following shall be the rules of conduct for the DOR:

### A. Compensation for Activity Outside the DOR

Pursuant to [KRS 11A.040\(10\)](#), outside employment applications shall be reviewed and considered observing the following provisions. DOR employees shall not receive compensation for the performance of the following activities outside the agency:

1. Preparation of federal, Kentucky, or local tax returns;
2. Preparation of primary business records which form the basis for such returns;

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3. Performance of real estate appraisals;
4. Performance of any other tax planning service (e.g., an employee may not operate a bookkeeping or tax return preparation business, work as a tax return preparer for a CPA, attorney, or private tax preparation company);
5. Performance of fee appraisals; or
6. Drafting of wills or other legal documents in which tax planning is an important consideration.

#### **B. Notification of Activities performed outside the DOR**

1. DOR employees shall promptly notify his/her immediate supervisor in writing of any outside services provided. This written notice shall include the name(s) and identification number(s) of the taxpayer(s) involved.
2. Notification of services performed is required regardless of whether or not compensation is received for performance of the activity.
3. Upon receipt, the supervisor shall forward the written notification to the employee's division director for retention in the employee's personnel file. If a Division Director doesn't exist in the chain of command of the employee, then the notice shall be retained by the employee's second line supervisor.

#### **C. Filing of Employee's Tax Returns**

Employees of the DOR shall properly file all personal and business tax returns and pay all personal and business uncontested tax liabilities by the prescribed due date, or the due date as extended by the appropriate taxing authority including, but not limited to, state income tax and state and local property taxes.

#### **D. Access to Employee and Family Member Tax Returns**

1. DOR employees shall not obtain copies or access their own personal returns or returns of any members of their families for any reason.
2. If an employee needs to refer to such records, the employee shall contact their supervisor to retrieve the records.
3. An employee shall immediately contact their supervisor if such tax returns were obtained in error.

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#### **E. Licensing of Employee's Vehicles**

Employees of the DOR shall timely and properly license all of their motor vehicles; and timely pay all motor vehicle usage tax and property taxes.

#### **F. Acceptance of a Gift, Favor, Service, Loan, Entertainment or Other Benefit**

Any and all issues concerning the acceptance of gifts by DOR employees shall be governed by [KRS 11A.045](#). Questions concerning same shall be directed to DOR's Ethics Officer or General Counsel.

### **IV. PENALTIES FOR VIOLATIONS**

The applicable executive director or DOR Commissioner (if necessary), and the Appointing Authority shall determine the appropriate disciplinary action for a violation of this policy, including, and up to, dismissal.

### **V. REFERENCES**

[KRS 11A.040 \(10\)](#): Acts prohibited for public servant or officer – Exception.

[KRS 11A.045](#): Acceptance of gifts by public servants permitted under certain circumstances.